

## FEDERAL DEMONSTRATION PARTNERSHIP

National Academy of Sciences  
2101 Constitution Avenue, NW Washington, D.C 20418

August 6, 2001

Attn: PL 106-107 Comments  
Department of Health and Human Services  
200 Independence Avenue, S.W., Room 517-D  
Washington, D.C. 20201

Transmitted via E-mail to PL106107@os.dhhs.gov

RE: FDP response to the Initial Plan

On behalf of the Federal Demonstration Partnership (FDP Phase III), I would like to commend you on the Public Law 106-107 Initial Implementation Plan. As you know, the FDP is a consortium of 11 federal agencies, 65 institutions and 7 affiliate organizations committed to increasing research productivity by streamlining the administrative process and minimizing the administrative burden on principal investigators while maintaining effective stewardship of federal funds. During the current phase, electronic research administration (eRA) is a primary focus.

FDP is gratified that so many of its suggestions are incorporated into the Initial Plan and believes that the university community can be very enthusiastic about the plan. It is extraordinarily and appropriately ambitious in its scope, though the breadth of the plan does come at the cost of failing to meet the timetable set forth in the legislation (to both plan and *implement* systems by 5/20/02). This is not an unreasonable trade-off for a process last overhauled 30 years ago. It is important to note that the current process was developed before electronic commerce and before financial assistance existed on the scale it does today. There have been revolutionary changes in grant-making and these need to be reflected in our shared business processes

From our perspective, some of the high points of the plan include:

- the commitment to multi-agency action,
- the re-affirmation of the commitment to electronic commerce,
- the re-affirmation of the commitment to data standards and the recognition that the data determines the forms and not vice versa,
- the prominent role of the Federal Commons,
- the centralized, standardized funding opportunity announcement,
- the common point of entry for payment systems, with a common data dictionary to permit recipients to maintain a single system to obtain payments electronically, and
- the possibility of common terms and conditions, at least by type of recipient and/or program.

These are all very positive elements of your plan.

*The FDP is an independent cooperative initiative of U.S. research institutions, federal agencies, and professional organizations to enhance research productivity. The Government-University-Industry Research Roundtable is the official convener of the FDP.  
Telephone 202/334-3486 Web Address: FDP3.org*

We realize that submitting the Initial Plan to Congress in time to meet its deadline was a top priority, and even took precedent over fleshing out many of the implementation details. As a result, we have a number of questions and concerns where issues were either not addressed, or not addressed in enough detail to give us a clear picture of your intent. Following are some of our questions and concerns:

1. The Initial Plan states that comments provided on the Draft Plan will be available at the GMC site on Financenet. As of today, they are not there. It does not appear that this site has been updated for some time, which is quite troubling, given that this was to be your primary means of informing the community of progress:  
(<http://www.os.dhhs.gov/grantsnet/106-107bullets.htm> last updated 1/31/01)  
(<http://www.financenet.gov/financenet/fed/cfo/grants/grants.htm> last updated 5/18/01)

When will this site be updated? Will it be maintained with any frequency?

2. *“We will pursue strategic partnerships with industry and learn from its experiences in moving from paper to electronic processes. In addition, we can create incentives or other approaches for industry to provide the latest technologies for use in Federal grant administration as quickly and cost-effectively as feasible. There are several new acquisition tools that we may consider for this purpose, all of which are authorized for Federal government use. For example, one incentive approach is “share-in-savings” (i.e., a contracting strategy that requires little or no up-front funding, allows payment from the savings or added revenue generated by the purchase, and places most of the risk on the contractor).”*

This is the first mention of such a partnership. At this point, it is hard to understand what this partnership can be expected to yield. Could you expand on your intent and desired outcome? Could it be structured in such a way as to assist the recipient community as well as the agencies?

3. The role of OIRA needs to be institutionalized. Forms that vary from the new “standard forms” need to be discouraged or better yet, rejected. All electronic systems that are not compliant with the Federal Commons need to be stopped, either in the forms-approval process or the budget process. At this point, it is clear that agencies are implementing systems without OIRA review or approval. How do you plan on addressing these unilateral deployments?
4. The FPD program announcement pilot wasn’t mentioned as a possible format for funding opportunity announcements. Were the FDP materials reviewed? If so, was it determined that the format was not universally acceptable? If not, why not?
5. We believe the approach taken to applications in the Initial Plan is far too narrow. It deals only with coverpages, budgets, and representations & certifications. There are many other sections of applications that are carried in the 194 transaction set; standardization of these data elements is practically non-existent. The FDP response enumerated examples of how differences in agency application formats vary with respect to such things as biographical information (FDP has a suggested format), publications, resources, and current and pending support. Is it your intent to address all/some of these sections in the Final Plan? If not, why not?

6. The approach to awards overlooks the budgets. Are agencies prepared to use the 850 format which includes only total costs (and cost sharing amount), without any detailed budget break-out?
7. Emphasis on post-award is on standard financial reporting forms, and whether they can be completed electronically. More thought needs to be given to use of the Cash Transaction Report exclusively without the Financial Status Report, as is currently done by NSF. Has this approach been considered? If not, why not? Has thought been given to the standardization of other non-financial reports (reports of property and inventions)?
8. Use of pooled payment systems is great for universities. We recognize however, this may not be true for other types of recipients, but believe that all agencies should be prepared to offer this option. Will pooled payments be universally implemented?
9. “...initial focus for further improving recipient reporting is on technical assistance and training and identifying best practices in the Federal agencies.” The meaning of this is unclear. Is “technical assistance and training and identifying best practices” what the working group will do, or are they the types of activities on which the working group will focus first? Could you more clearly define your intent?
10. Redefining cost items in the circulars is a matter of convenience to the federal awarding agencies; inconsistencies in definitions aren’t a problem for recipients. There is some apprehension about how changes in definitions could impact universities. Would you elaborate on this for us?
11. A major issue for universities is agency reliance on the single audit in lieu of individual agency, program, or award audits. If the Quality Control Reviews provide this level of confidence, that’s wonderful. But if not, we are left with the constant stream of auditors, each focusing on the awards of interest to them. Please comment on how this concern will be addressed?
12. We continue to be concerned that the A-133 compliance circular needs to provide guidance about materiality of findings, and make a clear distinction between the annual audit and audits associated with establishing rates. Will this guidance be forthcoming?
13. Electronic Data Set—all of the FDP comments about inconsistencies in proposal elements need to be addressed in the data dictionary, through the newly instituted standards-keepers for grants data. Is that what you plan on doing? If so, what is your timeline? If not, why not?
14. Evaluation via Balanced Score Card and GPRA seem reasonable, but still abstract, because criteria have yet to be developed. Will the criteria be forthcoming?
15. Agencies should be required to disclose to a central repository all electronic initiatives, including those in development as well as those in production. Disclosure of information should include the type of initiative, submission options (mandatory versus voluntary use by the grantee community), estimated date of completion and link to the Federal Commons. We believe this is an important “missing” piece of

information for you as well as the grantee community. Is it your intention to gather this information and make it publicly available?

Please reply with a tentative date by which we may expect answers to our questions and concerns.

The Federal Demonstration Partnership stands ready to support your efforts. Your implementation time-line is quite aggressive, with numerous target dates for meeting particular milestones. If there is anything we can do to be of service, please let us know. We have a tremendous stake in the successful outcome of this important initiative and once again, commend you for all of your efforts. The next meeting of the FDP is scheduled for September 24-25, 2001 at the National Academies of Sciences and we invite you to attend and update the membership on the status of the implementation of Public Law 106-107.

Thank you and we look forward to receiving responses to the questions raised above.

Sincerely,

FDP Chair